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**ALINA**

**Mines and Oils Ltd.**

(NON PERSONAL LIABILITY)

**FIRST  
ANNUAL  
REPORT**

PERIOD ENDED JUNE 30th, 1967

## ALINA MINES AND OILS LTD.

August 30, 1967

TO THE SHAREHOLDERS:

First annual report of your company is presented with considerable pleasure and satisfaction by the board of directors. This first year has been a busy one with the company, since, in addition to being incorporated and carrying out its private financing and some public financing, it participated in six mining and petroleum ventures in western Canada. These projects are reviewed in detail below.

PINE POINT, N.W.T.—172 Mineral Claims— A program of line cutting has been completed on 72 of these claims which are located 10 miles south of the Pyramid-Pine Point Mines. A deposit of \$10,000 has been made to hold the remaining 100 claims. Reconnaissance induced polarization survey will be run over these claims as soon as conditions permit this Fall.

INNIS-MIDALE, SASKATCHEWAN—Varying Interests in 2,840 acres— Three wells have been drilled in this field with your company participating in each. Two of the wells are oil producers and the third has been abandoned. The first well was drilled in May 1966 with Alina holding a 50% interest. This well is currently producing about 20 barrels per day. The second well was drilled in May 1967, and is currently under test. It is expected to compare favourably, as an oil producer, with the No. 1 well. The oil reserve in the second well is substantially greater with 22½ feet of producing zone than the No. 1 well with 6½ feet of producing zone. The permeability in the No. 2 well is not as good as in the No. 1 and reacidization is being considered in an effort to increase production.

RAINBOW LAKE, ALBERTA— 2½% working interest in 7,680 acres— The 2½% working interest in 15½% working interest in 3,200 acres 7,680 acres is in the Keg River area of Southeast Rainbow.

A well was drilled and abandoned on this acreage in March 1967 and a second test well is now being considered.

The 15½% working interest in 3,200 acres also in Southeast Rainbow, was explored by one well in February 1967. This was a tight hole and will be tested for oil and gas, in each of three potential zones, in the next few months.

BIG LAKE, ALBERTA—16% working interest in 320 acre lease— In addition to the 16% working interest in the 320 lease acres the company holds an option on a further 160 acres in the same area from Imperial Oil.

Negotiations are currently underway to drill another well on this acreage, at no cost to Alina, with the working interest converted to an over-riding royalty.

QUESNEL, B.C.—36 Mineral Claims— These claims were acquired as a location bet and will be explored as soon as work on adjoining properties justify a program on the Alina claim group.

SULPHUR BAY-GREAT SLAVE LAKE, N.W.T.—54 Mineral Claims— Following a limited evaluation of these claims and in consideration of the results in the area the property has been abandoned.

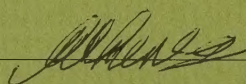
PROGRAMS PLANNED AND OUTLOOK— Alina Mines and Oils Ltd. will in the current fiscal year participate in the testing of the No. 2 well at Midale as well as the testing of the Rainbow well, and in the expected well in the Big Lake area. There are a number of further petroleum projects under consideration by the company.

In mining, the company will proceed with the Pine Point induced polarization survey as soon as possible and will continue to consider other properties which are worthy of an aggressive program of development.

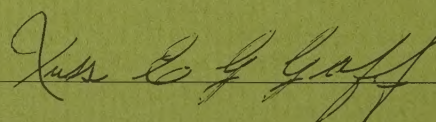
Financing is continuing with the sale of 200,000 shares at 50¢ per share, the majority of which have been sold. A market in the company's shares, over-the-counter, will be established as soon as this financing is completed and other conditions permit.

Second year of the company shows all the signs of being as busy and interesting as the first. Your directors look forward to the current fiscal year with optimistic enthusiasm.

Respectfully submitted on behalf of the board of directors,



Director



Director

HALLAM & McALISTER  
CHARTERED ACCOUNTANTS

TELEPHONE 685-2815

ROBERT J. HALLAM, C.A.  
DONALD McALISTER, C.A.

630 NESBITT THOMSON BUILDING  
890 WEST PENDER STREET  
VANCOUVER 1, B.C.

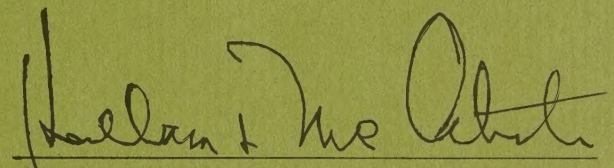
AUDITORS' REPORT

We have examined the balance sheet of Alina Mines and Oils Ltd. (N.P.L.) as at June 30, 1967 and the statement of exploration and development costs and general and administrative expenses for the period from date of incorporation (March 14, 1966) to June 30, 1967, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the attached balance sheet and related statement of exploration and development costs and general and administrative expenses present fairly the financial position of the company as at June 30, 1967, and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Our partners own a total of seven thousand shares of the company.

Vancouver, British Columbia  
August 28, 1967

A handwritten signature in dark ink, appearing to read "Hallam & McAlister", written over a horizontal line.

Chartered Accountants

**BALANCE SHEET**  
**AS AT JUNE 30, 1967**

**ASSETS**

**Current Assets**

Cash .....	\$ 145.81		
Accounts receivable .....	633.33	\$	779.14

**Other Assets**

Marketable securities – at cost (market value June 30, 1967 \$6,000.00) .....			11,500.00
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Interest in mineral claims			
– acquisition costs .....	\$ 52,480.00		
– exploration and development costs – Exhibit B .....	\$ 23,674.54		76,154.54

Interest in oil and gas properties (at net cost after deducting income from oil production of \$2,771.48) .....			241,221.85
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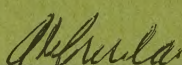
Office equipment – at cost .....			1,056.85
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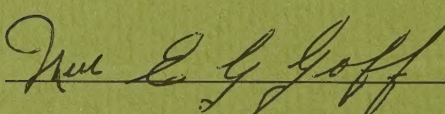
Incorporation and organization costs .....			5,052.70
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Deferred expenditures – general and administrative expenses – Exhibit B .....			18,243.37
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\$354,008.45

APPROVED ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

## LIABILITIES AND SHAREHOLDERS' EQUITY

## Current Liabilities

Accounts payable ..... \$ 7,706.00

## Share Capital

## Authorized:

5,000,000 common shares of 50¢ each  
par value — \$2,500,000.00

## Issued:

1,317,600 shares

## For cash consideration —

370,000 shares @ 25¢ .....	\$ 92,500.00	
355,000 shares @ 40¢ .....	142,000.00	
177,605 shares @ 50¢ .....	<u>88,802.50</u>	\$323,302.50

## For other consideration —

359,995 shares @ 1¢ for services .....	3,599.95	
5,000 shares @ 50¢ for services .....	2,500.00	
50,000 shares @ 50¢ for mineral claims .....	<u>25,000.00</u>	31,099.95

	\$354,402.45	
Less — Cost of Claims Abandoned .....	<u>8,100.00</u>	<u>346,302.45</u>
		<u>\$354,008.45</u>

This is the balance sheet referred to  
in our report dated August 28, 1967.

Harlan & McArthur

Chartered Accountants

ALINA MINES AND OILS LTD. (N.P.L.)

STATEMENT OF EXPLORATION AND DEVELOPMENT COSTS

AND GENERAL AND ADMINISTRATIVE EXPENSES

FROM DATE OF INCORPORATION (MARCH 14, 1966) TO JUNE 30, 1967

**Exploration and Development Costs**

Line cutting .....	\$ 7,413.75
Recording and grouping fees .....	616.00
Labour, rental, plane charters .....	1,284.37
Mounding costs .....	1,080.00
Engineering and geology .....	1,765.42
Prospecting expenditures .....	1,515.00
Deposit in lieu of assessment work .....	10,000.00
<b>Total</b> .....	<u>\$ 23,674.54</u>

**General and Administrative Expenses**

Accounting and audit .....	\$ 1,525.00
Advertising .....	327.56
Commission on sale of shares .....	985.00
Legal fees and filing charges .....	3,871.79
Licences .....	449.00
Miscellaneous office expenses .....	225.92
Office rent .....	615.00
Printing and stationery .....	1,409.97
Services rendered in assisting in negotiations and various corporate matters .....	8,000.00
Telephone .....	122.98
Transfer agent's fees .....	379.63
Travel .....	331.52
<b>Total</b> .....	<u>\$ 18,243.37</u>

**ALINA MINES AND OILS LTD. (N.P.L.)**  
*(Incorporated under the Laws of the Province of British Columbia)*

**DIRECTORS**

Alexander Lenec  
Kerr E.G. Gaff  
Edgar Laflamme  
Robert Rooney

**OFFICERS**

Robert Rooney, *Secretary-Treasurer*

**AUDITORS**

Hallam & McAlister Ltd.—Vancouver, B.C.

**TRANSFER AGENT AND REGISTRAR**

Guaranty Trust Co. of Canada—  
624 Howe Street, Vancouver 1, B.C.

**REGISTERED OFFICE**

531 - 718 Granville Street, Vancouver 2, B.C.

**EXECUTIVE OFFICE**

326 - 736 Granville Street, Vancouver 2, B.C.

